

Message Text

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FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 1115

INFO AMEMBASSY COLOMBO

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C O R R E C T E D C O P Y FOR TEXT

CINCPAC FOR POLAD

E.O. 11652: N/A

TAGS: PINT, IN

SUBJ: INDIAN SUMMER: PRAGMATISM, PROTEST AND JAI PRAKASH

SUMMARY: AS PRE-MONSOON TEMPERATURES RISE, SO DOES THE
LEVEL OF UNCERTAINTY AND DISCONTENT IN INDIA. THE GOVERNMENT
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HAS TAKEN A PRAGMATIC LINE--DENATIONALIZING THE WHEAT TRADE,

INSISTING ON DISCIPLINE ACROSS THE BOARD, AND ACCEPTING AID FROM ANYWHERE WITH THE HOPE OF CONTAINING PRICES AND SPURRING PRODUCTION. HARASSED BY INFLATION AND DISGUSTED BY CORRUPTION, ARTICULATE ELEMENTS IN THE POPULATION--YOUNG PROFESSIONALS, OTHER GOVERNMENT EMPLOYEES, STUDENTS--ARE THREATENING OR ENGAGING IN MORE PROTESTS AND DEMONSTRATIONS. ORGANIZED LABOR, KEEPING ITSELF SEPARATE FROM THESE ACTIVITIES, IS PRESSING PARALLEL DEMANDS FOR INCREASED WAGES TO OFFSET DECLINES IN REAL WAGES. JAI PRAKASH NARAYAN'S REEMERGENCE, DEMANDING MORALITY IN GOVERNMENT, HAS IRRITATED THE PRIME MINISTER AND UNNERVED THE CONGRESS/COMMUNIST LEFT. NO ONE KNOWS WHETHER THE NEW POLICIES WILL WORK ANY BETTER THAN THE OLD (AT LEAST IN THE NEXT YEAR OR SO) OR TO WHAT EXTENT PLANNED STRIKES AND DEMONSTRATIONS WILL FURTHER DISRUPT THE ECONOMY AND UNDERMINE POLITICAL STABILITY IN THE STATES. AS EVER, THE MONSOON WILL MAKE A GREAT DEAL OF DIFFERENCE. NONETHELESS, THERE IS BROAD AGREEMENT THAT DEMOCRATIC INDIA WILL MUDDLE THROUGH THIS YEAR, ITS INSTITUTIONS FURTHER WEAKENED BUT NOT TOTALLY UNRESPONSIVE, ITS ECONOMY FURTHER STRAINED AND DISTORTED BUT NOT YET IN A STATE OF COLLAPSE. END SUMMARY.

1. THESE ARE WEEKS OF UNCERTAINTY, APPREHENSION, AND DISCONTENT IN INDIA, PARTICULARLY IN THE NORTH. TEMPERATURES RISE DAILY; SEARING HEAT AND DUST LADEN DESERT WINDS CREATE AN ATMOSPHERE OF GATHERING TENSION WHICH ONLY THE MONSOON CAN BREAK. THERE IS A GROWING FEELING THAT EVEN A GOOD MONSOON WILL PROVIDE ONLY TEMPORARY RELIEF. SUPERIMPOSED ON THE PERENNIAL CONCERN ABOUT THE STRENGTH AND DISTRIBUTION OF THE SUMMER RAINS IS A HOST OF NEW UNCERTAINTIES. INFLATION CONTINUES IN HIGH GEAR (DESPITE MARGINAL DECLINES IN GRAIN PRICES AS HOARDED GRAIN SEEPS INTO THE MARKET BEFORE THE NEW HARVEST IS DUE); CREDIT, INDUSTRIAL RAW MATERIALS, GASOLINE, RAILWAY CARS, ELECTRIC POWER, AND MOST MASS CONSUMER ITEMS ARE IN SHORT SUPPLY; CRITICAL STRIKES IN NATIONAL INDUSTRIES LOOM ON THE HORIZON. CONGRESS PARTY MARGINS CONTINUE SAFE AT THE CENTER AND IN MOST OF THE STATES, BUT THE ARENA FOR POLITICAL ACTIVITY HAS INCREASINGLY SHIFTED FROM THE ASSEMBLIES TO THE STREETS, WHERE THE OUTCOME IS LESS PREDICTABLE. REGIONAL DIFFERENCES IN THE DEGREE OF PRESENT AND POTENTIAL DIFFICULTY ARE A PROMINENT CHARACTERISTIC OF THE PRESENT DISCONTENT. SOUTH INDIAN TOLERANCE SEEMS TO

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TAKE THE EDGE OFF THERE, ALTHOUGH TRANSPORT STRIKES WOULD CAUSE A SHARP FOODGRAIN PINCH IN KERALA. THE CITIES AND UNIVERSITIES IS MUTED WHILE THE WHEAT CROP IS BEING HARVESTED. WEST BENGAL AND BIHAR PRESENT AN OMINOUS PICTURE OF POSSIBLE INSTITUTIONAL AND INDUSTRIAL BREAKDOWN.

2. THE GOVERNMENT HAS TAKEN A SERIES OF ECONOMIC DECISIONS WHICH COMPRIZE A PRAGMATIC, NON-IDEOLOGICAL RESPONSE TO AN

INCREASINGLY DIFFICULT ECONOMIC SITUATION. A SOMEWHAT MORE REALISTIC CENTRAL BUDGET, A MORE POSITIVE ATTITUDE TOWARD PRIVATE INVESTMENT (EVEN BY THE "MONOPOLY HOUSES" AND FOREIGNERS), INCREASES IN GRAIN PROCUREMENT PRICES, THE DENATIONALIZATION OF THE WHOLESALE TRADE IN WHEAT, THE TACIT PLANNING PAUSE, AND THE SEARCH FOR OIL AND MORE FOREIGN AID FROM ANY SOURCE ARE DESIGNED TO SPUR PRODUCTION AND CONTAIN PRICES. THE PRIME MINISTER REALIZES THAT THESE POLICIES CANNOT BE POPULAR WITH THE CONGRESS "LEFT" AND PRO-MOSCOW COMMUNISTS (CPI); MOREOVER, THE SUCCESS OF THE POLICIES WILL BE UNCERTAIN FOR SOME TIME, AND AS PRICES CONTINUE TO RISE, LOWER AND MIDDLE-CLASS PRESSURE FOR HIGHER WAGES MOUNTS. THE PRIME MINISTER HAS REPEATEDLY WARNED CONGRESSMEN TO MAINTAIN PARTY DISCIPLINE; SINCE MOST CONGRESS "LEFTISTS" OWE THEIR PROMINENCE TO HER, THEY HAVE GENERALLY REFRAINED FROM PUBLIC CRITICISM. SHE WILL HAVE GREATER DIFFICULTY WITH THE YOUNG PROFESSIONALS (DOCTORS, POWER ENGINEERS, TEACHERS), UNIONIZED LABOR, AND THE STUDENTS. THESE GROUPS ARE URBAN, ORGANIZED, ARTICULATE, AND CAUGHT PAINFULLY IN THE INFLATIONARY SQUEEZE. THEY HAVE NOT HESITATED TO STRIKE FOR HIGHER PAY AND STATUS, REGARDLESS OF THE DAMAGE THEY DO TO THE ECONOMY. (IN PUNJAB AND HARYANA, STRIKING ELECTRICITY SUPPLY EMPLOYEES HAVE RESORTED TO SABOTAGE TO REDUCE POWER AVAILABILITY; ON THE RAILROADS, ALL GRADES OF WORKERS ARE THREATENING YET ANOTHER STRIKE WHICH COULD PARALYZE SHIPMENTS OF COAL, FERTILIZER, AND FOOD.) THUS FAR, THE PRIME MINISTER HAS REITERATED HER EARLIER TOUGH LINE-- DEMONSTRATIONS WILL NOT BRING PRICES DOWN, NOR WILL STRIKES AND LOCKOUTS STIMULATE PRODUCTION. BUT CONTAINING DEMONSTRATIONS IS BECOMING MORE DIFFICULT. THE POLICE ARE DEMORALIZED AND DISTURBINGLY TRIGGER-HAPPY, WHICH HAS PROVOKED WIDESPREAD CRITICISM. STRIKERS--IF WELL ORGANIZED AND DETERMINED--HAVE LEARNED THAT THEY CAN RENDER INEFFECTIVE GOVERNMENT THREATS OF SUPPRESSION. THE ARMY IS AVAILABLE BUT IS FRANK IN LIMITED OFFICIAL USE

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WARNING THE GOVERNMENT AGAINST EXCESSIVE USE OF ITS SERVICES IN THE INTEREST OF RESTORING CIVIL ORDER. STUDENTS THREATEN NOT THE ECONOMY BUT THE POLITICAL STABILITY OF CONGRESS AND STATE GOVERNMENTS AND THE CONDUCT OF DAY-TO-DAY GOVERNMENTAL BUSINESS. THEY HAVE ALREADY TOPPLED ONE STATE GOVERNMENT--IN GUJARAT--AND MAY YET BRING DOWN THE PRECARIOUS NEW CONGRESS MINISTRY IN BIHAR. THE PRIME MINISTER'S ATTEMPTS TO STREAMLINE THE BIHAR MINISTRY HAVE PROVED CLUMSY AND PETTY; IN A CONTINUING CRISIS, SHE ATTEMPTED (OR SO IT LOOKS) TO DISCREDIT RIVAL JAGJIVAN RAM BY HAVING HIS SON INCLUDED IN THE OFFICIAL LIST FOR THE STATE CABINET (WITHOUT RAM'S KNOWLEDGE). RAM'S SON EVENTUALLY DECLINED THE DUBIOUS HONOR. EVEN THE DISPARATE ELEMENTS SUPPORTING THE "STREAMLINED" 14-MAN GHAFOOR MINISTRY GIVE IT AT BEST ONLY A FEW MONTHS IN OFFICE. IF BIHAR "GOES", OTHER STATE MINISTRIES (WEST BENGAL?

MADHYA PRADESH? KARNATAKA?) MAY WELL FOLLOW. FOR THE MOMENT, THERE ARE SOME AREAS OF CALM--IN STATES LIKE KERALA AND GUJARAT, KNOWN FOR ACTIVISM, AND IN ANDHRA, WHERE LAST YEAR'S REGIONAL TENSIONS HAVE DISSIPATED. BUT LITTLE IS BEING DONE TO AMELIORATE UNDERLYING CAUSES OF TENSTION; AS EVER, THE GOVERNMENT'S MOVES ARE SEEN AS TACTICAL AND NARROWLY POLITICAL.

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3. THE POLITICAL PARTIES HAVE BEEN NOTABLY SLOW TO EXPLOIT THE OPPORTUNITIES OFFERED BY THE PRIME MINISTER'S STANCE AND BY CONTI-

NUING URBAN DISCONTENT. THE CPI, ALONG WITH THE "PROGRESSIVE" CONGRESSMEN, STANDS TO LOSE HEAVILY IF THE PRAGMATIC POLICIES OF THE GOVERNMENT SUCCEED BUT HAS CONTENTED ITSELF WITH VERBAL DENUNCIACTION OF CONGRESS "BACK-SLIDING" AND ITS "ABJECT SURRENDER" TO THE FOODGRAIN DEALERS. IT JOINED OTHER LEFTIST PARTIES (NOTABLY THE MARXIST COMMUNISTS

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AND THE SOCIALISTS) IN A JOINT CHARTER OF IMPRACTICABLE AND HACKNEYED DEMANDS, BUT REFUSED TO AGREE TO PARTICIPATE IN A PROPOSED NATIONAL ONE-DAY GENERAL STRIKE AND WORK STOPPAGE ("BHARAT BUNDH") LEST IT OFFEND THE PRIME MINISTER. THE CPI WILL TAKE PART IN JOINT "MASS" DEMONSTRATIONS MAY 3 TO PROTEST INFLATION, SCARCITY, CORRUPTION, AND UNEMPLOYMENT, ITS ENTHUSIASM VARYING IN EACH STATE WITH ITS ATTITUDE TOWARD THE GOVERNMENT THERE. SOME OF THE NON-COMMUNIST OPPOSITION PARTIES HAVE MADE A FEEBLE AND PROBABLY FUTILE ATTEMPT AT UNITY. THE WORKING COMMITTEE OF THE "OLD" CONGRESS, A PARTY OF MORE CHIEFS THAN INDIANS, MET AND DECIDED UNDER MORARJI DESAI'S INFLUENCE TO HAVE NO DEALINGS WITH THE RULING CONGRESS. IT DISCIPLINED ITS TAMILNAD LEADER, K. KAMARAJ, FOR HIS ENTENTE WITH THE PRIME MINISTER, BUT HE MAY WELL (AND SAFELY) IGNORE THE SLAP. THE PARTY'S BRILLIANT BUT INEFFECTIVE PRESIDENT, ASHOK MEHTA, PRIVATELY AND UNSUCCESSFULLY PLEADED FOR THE DISSOLUTION OF THE CONGRESS-O WHICH HE FEELS IS ABSOLUTELY DISCREDITED, AND FORESEES NOTHING BUT POLITICAL AND ECONOMIC GLOOM AND DECLINE AHEAD FOR INDIA. THE PRO-HINDU/HINDI JANA SANGH ALSO STAYED AWAY FROM ANY ALLIANCE WITH OTHER OPPOSITION PARTIES.

AT ITS NATIONAL CONVENTION, THE HARD-LINERS FROM THE RSS (A GROUP OF COMMUNAL VIGILANTES) MAINTAINED THE UPPER HAND. THEY SEE THE INCREASING DISORDER IN THE STREETS AS STRENGTHENING THEIR POSITION.

4. TO THE RULING CONGRESS AND THE CPI, THE MOST DISTURBING DEVELOPMENT THIS SPRING WAS THE REEMERGENCE OF THE DEEPLY RESPECTED GANDHIAN, JAI PRAKASH NARAYAN, AS THE LEADER OF THE INCHOATE BUT RISING DEMAND FOR CLEAN GOVERNMENT. JAI PRAKASH COMMENDED THE GUJARAT STUDENTS ON THEIR LARGEY NONVIOLENT CAMPAIGN AGAINST THE STATE GOVERNMENT, AND PERHAPS SAW IN THEIR SPURNING OF ORGANIZED POLITICAL PARTIES SOME GLIMMER OF HIS GOAL OF A "PARTYLESS DEMOCRACY". HE LED A SILENT DEMONSTRATION IN PATNA AGAINST THE WIDELY ACKNOWLEDGED CORRUPTION OF THE BIHAR MINISTRY AND BUREAUCRACY. (AFTER THE INITIAL MID-MARCH OUT-BURSTS,BOTH THE DEMONSTRATORS AND THE POLICE IN BIHAR HAVE BECOME SOMEWHAT LESS VIOLENT.)

JAI PRAKASH'S ACTIVITIES--
CULMINATING IN A MID-APRIL "CITIZENS FOR DEMOCRACY" RALLY IN NEW DELHI--CLEARLY UNNERVED THE PRIME MINISTER. SHE CRITICIZED
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HIM FOR SUPPOSEDLY ENCOURAGING VIOLENCE AND LIVING ON MONOPOLISTS' CHARITY. THE PRIME MINISTER'S AD HOMINEM ARGUMENT WAS NOTABLY ILL-ADVISED; THZVAILING (POSSIBLY FROM CANCER), SIMPLE-LIVING JAI PRAKASH ENJOYS TREMENDOUS PRESTIGE BUT REPRESENTS NO THREAT TO HER GOVERNMENT. THE CPI AND CONGRESS LEFTISTS--WHO HAVE BEGUN A CAMPAIGN OF VILIFICATION AGAINST HIM--FEAR THAT JAI PRAKASH WILL RUN FOR PRESIDENT THIS AUGUST, A REMOTE POSSIBILITY AT BEST. THE PRIME MINISTER IS, HOWEVER, EXTREMELY SENSITIVE TO AND VULNERABLE ON THE CHARGE OF CORRUPTION; H
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